

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1140

ANSWERED ON:04.12.2015

Credit Card Facility

Pandula Dr. Ravindra Babu

Will the Minister of FINANCE be pleased to state:

- (a) the number of companies/banks which are providing credit card facility along with the number of credit card holders at present in the country;
- (b) the number of credit card holders added during each of the last three years and the current year, company/bank-wise along with the rate of interest charged by the company/bank from the payment defaulters during the said period, company- wise;
- (c) whether the Government is aware that due to non-regulation of rate of interest charged by credit card companies/banks, the credit card companies/banks are charging high rate of interest per annum; and
- (d) if so, the details thereof and the corrective steps taken by the Government to address the issue?

Answer

The Minister of State in the Ministry of Finance

(a) & (b) : Details are at Annex.

(c) & (d) : Reserve Bank of India (RBI) being regulator, has issued guidelines vide its letter dated July 1, 2015 on Master Circular on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit Card issuing Non Banking Finance Companies (NBFCs) to all Scheduled Commercial Banks excluding Regional Rural Banks (RRBs) and Credit Card Issuing NBFCs.

Public Sector Banks(PSBs) are autonomous entities and are run through their respective board driven policies on lending in line with various guidelines/ instructions issued by RBI. As per the RBI guidelines, each bank must have a well documented policy and a Fair Practices Code for credit card operations, which should incorporate the various guidelines issued by RBI from time to time. Banks which have adopted the "Code of Bank's Commitment to Customers" (Code) will also have to incorporate the principles enunciated therein, as amended from time to time. The Fair Practices Code should be available on the website of the Bank.

Further, banks are advised to be guided by the instructions on interest rate on advances issued by RBI and as amended from time to time. Banks should also prescribe a ceiling rate of interest, including processing and other charges. In case banks charge interest rates which vary based on the payment / default history of the cardholder, the fact that higher interest rates are being charged to the cardholder should be made known to the cardholder. The banks should publicise through their website and other means, the interest rates charged to various categories of customers.